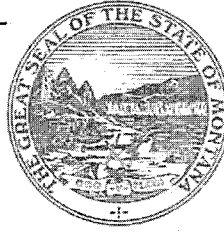


Montana Public Service Commission



James Brown, Chairman

ENERGY &
TELECOMMUNICATIONS
INTERIM COMMITTEE 2021-22

July 23, 2021

Exhibit 14

MONTANA PUBLIC SERVICE COMMISSION UPDATE TO THE ENERGY & TELECOMMUNICATIONS INTERIM COMMITTEE STATUS OF DOCKETS

1. NorthWestern Energy

CU4 Capacity Acquisition – Docket 2019.12.101

- At the September 2020 meeting of ETIC, the Commission reported having issued a revised procedural order in this case following receipt of a final purchase and sale agreement between NorthWestern and Puget Sound Energy. The revised schedule called for a public hearing in December 2020.
- On October 29, 2020, NorthWestern and Puget terminated their purchase and sale agreement and NorthWestern withdrew its application for approval of the transaction. The docket is now closed.

Capacity Acquisition – Docket 2021.02.022

- In May 2021 NorthWestern filed an application for Commission approval of two capacity resources selected in a competitive solicitation process the Company initiated in January 2020.
- The two capacity resources are:
 - a 20-year agreement to purchase from a 50 MW battery energy storage facility to be constructed in Yellowstone County;
 - a 175 MW natural gas-fired plant to be constructed for and owned by NorthWestern in Laurel, Montana.
- The Commission noticed receipt of the application on May 20, 2021, and provided an opportunity for intervenors to submit comments on whether the application was adequate and satisfied the Commission's minimum filing requirements.
- On June 7, the Commission received comments from Montana Consumer Counsel, Montana Environmental Information Center, Sierra Club, Northwest Energy Coalition,

Renewable Northwest Project, and Colstrip Energy Limited Partnership. The parties generally found NorthWestern's application inadequate because numerous exhibits and supporting work papers were redacted and access to unredacted confidential versions of the documents had not been filed.

- On June 11 and 14, NorthWestern submitted unredacted confidential versions of its witnesses' exhibits and supporting work papers.
- On July 1, the Commission determined that NorthWestern's application was not fully submitted until June 11, when substantially all confidential materials were filed, and the 45-day statutory deadline to determine the adequacy of the application runs from that date. The Commission allowed parties that previously submitted comments on the adequacy of the application to supplement their comments based on the newly filed confidential information.
- None of the parties submitted supplemental comments identifying any remaining deficiencies in the application.
- On July 20, the Commission found the application adequate and in compliance with the minimum filing requirements.

Investigation of the Impacts of COVID-19 on FCRM – Docket 2020.05.064

- Concurrent with its approval of a 4-year pilot Fixed Cost Recovery Mechanism (i.e., decoupling) in its final order on NorthWestern's last electric rate case, the Commission also initiated a separate docket to investigate the implications of the COVID-19 pandemic on implementation of the FCRM (Docket 2020.05.064).
- In July 2020 the Commission granted a motion by NorthWestern to suspend implementation of the FCRM by one year due to uncertainty related to the pandemic and the outcome of the Commission's investigation docket. In granting the suspension, the Commission directed NorthWestern to implement "shadow accounting" that would show what the FCRM adjustment would have been had the mechanism not been suspended.
- In April 2021 NorthWestern filed a motion to continue the suspension of the FCRM, citing continued uncertainty regarding the impact of pandemic on the loads of various customer classes.
- The Commission noticed receipt of NorthWestern's motion and provided an opportunity for public comment. The Commission received comments from Natural Resources Defense Council, District XI Human Resource Council, and Northwest Energy Coalition objecting to further suspension of the FCRM.
- The Commission held oral arguments on the matter on June 22, and on June 29 the Commission voted to grant NorthWestern's motion.

NorthWestern Petition for Accounting Order for COVID-19 Costs – Docket 2020.05.066

- On May 29, 2020, NorthWestern petitioned the Commission for an accounting order to allow it to track incremental bad debt costs associated with the impacts from the COVID-19 pandemic and to make investments needed to fund pension obligations.
- If granted, an accounting order would not guarantee cost recovery, but allow NorthWestern to record expenses for inclusion in a future rate application.
- The MCC opposed granting the accounting order.
- The Commission held oral arguments on the matter in September 2020.

- In November 2020 the Commission granted NorthWestern's request to track incremental bad debt expenses associated with the pandemic and to seek recovery in a future rate case. The Commission directed NorthWestern to offset the incremental bad debt expenses with pandemic-related cost savings. The Commission declined to authorize the creation of a regulatory asset for bad debt expenses.
- The Commission granted NorthWestern's request for an accounting order regarding pension contributions up to \$40 million in 2020.

NorthWestern Update of Standard QF Rates – Docket 2019.09.059

- The Commission appointed a hearing examiner to conduct the public hearing in this proceeding in May 2020.
- In August 2020, the Montana Supreme Court issued a decision regarding the Commission's decisions in NorthWestern's prior QF-1 proceeding—Docket 2016.05.039.
- The Supreme Court generally upheld a district court decision finding that the Commission arbitrarily and unlawfully calculated avoided energy and capacity costs, excluded a carbon adder, and shortened maximum contract lengths.
- However, the Supreme Court retained its stay of the district court's imposition of specific rates and contract terms and directed the Commission to consider the Supreme Court's findings when setting rates in the future.
- The Hearing Examiner in the case issued a proposed order in October 2020.
- Commission issued a final order in March 2021. The Commission modified the Hearing Examiner's proposed order regarding estimation of avoided energy costs (adopting proxy method rather than peaker method), but otherwise adopted the Hearing Examiner's proposed order (which addressed capacity contributions, carbon adder and disposition of RECs, ancillary service charges, contract length, interconnection costs, and tariff updates).

NorthWestern Application to Increase PCCAM Base Cost Level – Docket 2021.04.047

- In April 2021, NorthWestern filed an application to increase the base electricity supply cost level for its Power Costs and Credits Adjustment Mechanism ("PCCAM"). The base electricity supply cost is used to measure tracker period cost increases or decreases, to which the 90%-10% sharing mechanism is applied.
- In June, NorthWestern filed a supplement to its application filed in April.
- The Commission issued an interim order approving NorthWestern's proposed base supply cost on June 30, and issued a protective order regarding information in NorthWestern's coal supply agreement with Westmoreland on July 7.
- The Commission has not yet established a procedural schedule for the docket.

2. PURPA Implementation

Apex Solar Petition for Contract Rates and Terms – Docket 2019.11.091

- Apex Solar is an 80 MW solar qualifying facility located near Dillon, Montana.
- The Commission issued a final order setting avoided cost rates on September 30, 2020.
- The Commission issued an order on reconsideration on January 5, 2021.
- Apex has sought judicial review of the Commission's orders.

Caithness Beaver Creek ("CBC") Petition for Contract Rates and Terms – Docket 2019.06.034

- CBC represents two hybrid wind-battery energy storage QFs with maximum delivered energy of 60 MW each.
- Methods for estimating avoided costs for hybrid facilities are not well established through regulatory literature or state regulatory commission orders.
- The Commission issued a final order in December 2019, and an order on reconsideration in February 2020.
- CBC appealed the Commission's orders to the First Judicial District Court. The Court issued an order in December 2020 upholding the Commission's orders in some respects, but remanding the matter back to the Commission to correct various decisions the Court determined were arbitrary and capricious or not well supported by record evidence.
- The Commission has considered the Court's order and on June 22 the Commission acted to implement the order. Commission staff are currently in the process of preparing a Commission order.

Jawbone Holdings, LLC, Petition for Contract Rates and Terms – Docket 2019.12.126

- Jawbone is an approximately 80 MW wind facility to be located near Harlowton, in Wheatland County.
- Jawbone submitted its Petition, pursuant to Mont. Code Ann. §69-3-603 in December 2019 requesting that the Commission set avoided cost rates and terms for a contract with NorthWestern.
- The proceeding was delayed due to the pandemic.
- The Commission ultimately conducted a public hearing in May 2021.
- Commission staff are currently analyzing the evidentiary record.
- A Commission decision is expected in the next few weeks.

3. Montana-Dakota Utilities

MDU Application for Accounting Order for COVID-19 Costs – Docket 2020.05.055

- Similar to NorthWestern, MDU requested an accounting order from the Commission authorizing MDU to track financial effects of COVID-19 and record those effects as a regulatory asset. MDU sought to track bad debt expenses, protective equipment costs, and certain operating costs and regulatory expenses.
- The Commission noticed receipt of MDU's application on in June 2020 and provided an opportunity to comment or request further process.
- The MCC requested additional process.
- In January 2021, MDU withdrew its Application.

MDU Natural Gas Rate Case – Docket 2020.06.076

- MDU filed a natural gas general rate case in June 2020 requesting an annual revenue increase of approximately \$8.6 million.
- MDU proposed an increase in residential rates of approximately 19.8%, or \$8.24 per month for a typical residential consumer.

- In January 2021 the Commission authorized MDU to increase its annual revenue by approximately \$4.9 million on an interim basis
- The Commission held an evidentiary hearing on MDU's request in February 2021. The hearing was held virtually due to the Covid-19 pandemic.
- MDU and the Montana Consumer Counsel reached a settlement in the case which would allow MDU to increase its annual revenue by \$7.25 million, including an allocation of revenue responsibility that resulted in increase to residential rates of 11.7%, or \$4.88 per month for a typical residential consumer.
- The Commission issued an order approving the settlement in February 2021.

MDU Application for Approval of Solar QF Power Purchase Agreement – Docket 2020.11.110

- In November 2020, MDU filed an application requesting that the Commission approve a power purchase agreement between MDU and Fallon Solar, a 20 MW qualifying facility under PURPA.
- MDU and Fallon reached an agreement on purchase rates based on MDU's standard tariff rates available to qualifying facilities 3 MW or smaller.
- According to the application, the agreement between MDU and Fallon is conditioned on approval by the Commission.
- Because MDU and Fallon have agreed to contract rates and terms, the issues in this matter are legal in nature, including whether the Commission has statutory authority to preapprove a resource acquisition by MDU under Mont. Code Ann. §69-3-603 when the qualifying facility and utility have reached mutual agreement.
- The Commission requested that MDU and the Montana Consumer Counsel, the only intervenor in the case, brief these legal issues.
- The Commission has yet to issue its decision.

4. North Star Water and Sewer

- In August 2020 the Commission received multiple complaints from homeowners in a subdivision served by North Star, a water and sewer utility regulated by the Commission, that the Company was shutting off water service in response to overuse of water for lawn irrigation.
- The Commission initiated an investigation, under Docket No. 2020.09.094, for the purpose of addressing concerns as to the adequacy of North Star's water and sewer service to its customers and mitigating the likelihood of future shut-offs of water service in the subdivision.

5. Other dockets and non-dockets

2021.06.094 – Wibaux County Complaint against CenturyLink Communications, LLC

Wibaux County has filed a complaint alleging that CenturyLink's telephone service in Wibaux County is inadequate, that customers are often without service, sometimes for weeks at a time, that 911 service does not function properly, and that Wibaux is in need of adequate broadband service.

2021.05.073 – Town of Kevin’s Complaint against North Central Montana Regional Water Authority

The Town of Kevin has filed a complaint with the Commission alleging that the North Central Regional Water Authority (of which Kevin is a member) is a public utility and should be subject to Commission jurisdiction.

2021.01.005, 2021.01.006, 2021.02.020, 2021.03.029, 2021.03.030 – ETC Designation

The Commission granted Eligible Telecommunications Carrier status to Starlink Services, InterBel Telephone Cooperative, CenturyLink Communications, Comnet Wireless, and Blackfoot Communications, which enabled these companies to access federal funding for expanding broadband services in Montana through the Rural Digital Opportunity Fund.

2021.01.015 – Sale and Transfer of Energy West Montana and Cut Bank Gas
In January 2021, the parent company of Energy West Montana and Cut Bank Gas, Hearthstone Utilities (“HUI”), filed a joint application with Ullico Infrastructure Master Fund requesting approval for a sale and transfer of HUI and its subsidiaries to wholly-owned subsidiaries of Ullico Master Fund. The Commission provided public notice of receipt of the application in February. In March, the Commission granted intervention to the Montana Consumer Counsel and issued an initial procedural order. The Commission ruled on several motions pertaining to the protection of confidential materials and issued a revised procedural order in early July. A hearing in the matter is tentatively scheduled to begin September 2.

PURPA Dockets Generally

Since the 2019 legislative session, the Commission has issued decisions on applications of at least 9 qualifying facilities (CBC I, Grizzly Wind, Black Bear Wind, CBC II, CED Wheatland Wind, CED Teton Wind, CED Pondera Wind, Apex Solar, Jawbone). These matters are technical and dense proceedings on very short timelines (180 days from application to decision), and consume a substantial amount of Commission resources.

6. Other Recently Completed Dockets of Note

2010.06.060 – North Star Water and Sewer Application to Set Rates

In September 2020, the Commission issued an order establishing initial water and sewer rates for North Star after many years on standard rates. The Order of the Commission has been challenged by North Star and is now before the Montana Supreme Court.

2020.07.082 - ABACO Energy Services’ Application to Establish Rates and Terms of Service

ABACO filed its Application to set its initial rates and terms of service for its small propane delivery system at the Mountain Village of the Big Sky Ski Resort in July of 2020. On April 28, 2021, ABACO, along with the three intervenors in that case (Montana Consumer Counsel, Shoshone Condominium Hotel Unit Owners Association, Inc., and Boyne USA, Inc.) entered into a Stipulation and Settlement Agreement agreeing to appropriate rates/terms of service. The Commission is currently awaiting submission of finalized tariffs by ABACO per the settlement agreement before final approval.

- ***Small Water/Sewer Utility Standard Rate and/or ORM Applications*** – 4 ORM application and 2 standard application in past two years. One standard application was deemed highly contested, the others were resolved smoothly.

- *126 Total Dockets Initiated Before the Commission in 2020.*
- *102 Total Dockets Initiated, to date, in 2021*
- *PURPA Dockets in 2020 – Approx. 2,000 hrs (4 analysts, 25% of group time)*
- *PURPA Dockets, to date, in 2021 – Approx. 2,500 hrs (4 analysts, 60% of group time)*